

*from Sec. Stuart
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Department of Cultural Affairs Consolidation Concerns

This report is provided to express concerns of the Department of Cultural Affairs (DCA) about the discussion of consolidating the DCA under a proposed Department of Commerce, in the spirit of support for the efforts of the Legislative Restructuring Committee. The Department wishes to illustrate issues that would arise from such a proposed consolidation.

The Department recognizes the need for creating savings and is poised to cooperate with initiatives to achieve this pressing need, but at the same time is compelled to make the case for the preservation of the Department's status as a Cabinet Level Agency for the numerous reasons stated in this report.

1. History

The Department of Cultural Affairs has evolved over the last 33 years from a small office under "Educational Finance" to a sub-cabinet agency (Office of Cultural Affairs) to a Cabinet Level Department (Department of Cultural Affairs) in 2003 by Executive Order and in 2004 through Legislative action (HB 92, Ch. 95), sponsored by Representative J. Paul Taylor of Las Cruces, and supported by constituents throughout New Mexico.

The Department consists of 8 museums, 7 state monuments, the State Library, NM Arts, the Office of Archaeological Studies, the Historic Preservation Division, an Administrative Services Division and the Museum Resources Division. It is authorized to employ 541 FTE's (currently employs 497) and has an annual budget of 43.2 M.

During the last 2 decades, the Department has added 3 major Museums, designated 3 new State Monuments, and collections have grown in the tens of thousands of objects.

2. Mission

While DCA does generate tourism and economic development, that is not its primary mission or function. DCA's mission is preservation, education, and celebration of our culture. Economic impact is a by-product. DCA programs are educational as much as they are commerce-related (see point 4, Education, below); in fact, DCA was once administratively attached to Educational Finance. Culture, the arts and sciences, historic preservation, archaeology and libraries have a much deeper and essential function than commerce. Consolidation of DCA under a Commerce Department would undermine the mission of the Department of Cultural Affairs.

The assumption that Culture's primary function is as an economic driver is as incongruous as allowing the Higher Education Department to be considered a function of commerce. Obviously a better educated and trained population would lead to greater

economic development and commerce, but that is not a valid rationale for placing Higher Education under a Commerce Department any more than placing the Department of Cultural Affairs there.

3. Potential Conflict of Interest Issues

A key element of DCA's mission is the stewardship of New Mexico's cultural heritage, which could sometimes put its divisions, particularly the Historic Preservation Division, in conflict with developers. Development and growth are business priorities, while the interest of Preservation is protection of cultural resources. The Historic Preservation Division (HPD) and the Office of Archaeological Studies (OAS) have the difficult task of balancing the interests of the two. If their governing authority is an entity whose primary goal is business development, it becomes obvious that the regulatory work of entities like HPD and OAS is compromised. As these entities receive much of their funding from non-state sources (almost 50% federal funds in the case of HPD), putting DCA in a Commerce Department could undermine its federal and statutory responsibilities.

Museums, libraries and historic sites are all non-commercial entities. In the case of museums, they must be either governmental entities or bona-fide 501c3 non-profit organizations to obtain national accreditation and call themselves museums. An organizational relationship with a Department of Commerce for museums is confusing at best, but could also lead to compromising the museums' missions, roles in society and their accredited status.

4. Educational Mission

Educational programs, particularly those serving children, are a critical element of the mission of all DCA divisions. While educational programs help insure that New Mexico has a quality workforce and high quality of life, which make our state more attractive to business, it is education and enrichment that are the drivers and the goal, not commerce.

5. Size and Complexity of DCA Budget

In the proposal to combine DCA in the proposed Commerce Department with Tourism, Economic Development and Parks, the Department of Cultural Affairs is by far the largest entity of the agencies in the plan.

DCA alone represents more than half the proposed Commerce Department's FTE and just less than half the budget, with 55% of the total FTE and 43% of the overall budget for the proposed Department. Given these proportions, it is concerning that an economic-based mission and focus could become the guiding principles governing DCA programs and services; or conversely, that DCA programs and services could dominate the focus of the Commerce budget and FTE concerns.

Please see FTE and budget comparisons below:

DCA	541 FTE	annual budget \$ 43.2 M
EDD	65 FTE	annual budget \$ 8.1M
Tourism	81.5 FTE	annual budget \$ 14.9 M
State Parks	233 FTE	annual budget \$ 33.2 M

Not only is DCA's budget far larger than the other departments being considered for Commerce, it is also more complicated. DCA relies on a combination of earned revenue, federal funds, and internal service transfers for much of its operations, while the budget of the current Economic Development Department, the presumed driver of a new Commerce Department, consists solely of General Fund. It is concerning that DCA would be such a large component of the proposed Commerce Department, yet DCA's mission would be compromised in such a structure.

6. DCA Partners

As mentioned earlier in the Conflict of Interest section, the Historic Preservation Division relies on federal funds for almost 50% of its budget. If, in order to meet development-friendly goals of a Commerce Department, the Historic Preservation Division fails to carry out certain of its duties to protect historic properties, there would be repercussions from federal agencies that fund HPD.

New Mexico Arts, the state arts agency, is similarly dependent on federal funds for almost half of its budget supporting arts organizations statewide. NM Arts is required by the National Endowment for the Arts (NEA) to have an advisory Arts Commission (appointed by the governor) in order to receive federal funds. As part of its partnership agreement with the NEA, New Mexico Arts must demonstrate that its federal funds (nearly \$800,000 in the next fiscal year) are being spent on quality arts programs, serve underserved communities and help promote community development, as well as provide arts educational programs for children and arts learning programs for all ages. While New Mexico Arts is a firm believer and promoter of the creative economy, arts-based economic development and cultural tourism, including its Arts Trails program, commerce is not the Arts division's primary mission and could endanger its federal funding if NM Arts could not continue to demonstrate a broader, arts focused mission.

The State Library works closely to serve every public library in the state of New Mexico, with a focus not related to commerce but to access to information for all. A critical role of DCA's State Library is to promote literacy, an educational mission, related to commerce in the way that overall educational goals are related to commerce.

The Museums each partners with private, non-profit Foundations, whose by-laws mandate that they exist for the sole purpose of supporting the mission of the non-profit

museums. Those missions are education, preservation, and showcasing arts and culture, and bringing in a business or commercial focus would jeopardize their missions as well.

7. Cost/Administrative Issues

The cost savings of the proposed department is not clear, nor how it would be beneficial administratively. It is unrealistic if not impossible to expect a Secretary of Commerce to have the diversity of expertise that would be required to administrate this group of cultural entities. In essence, leadership would have to be maintained at each of the entities – whether their title was “secretary” or otherwise, no reduction in personnel (or very little) would realistically be achieved. Furthermore, the new Department of Commerce would require an administrative infrastructure, a newly combined ASD, office space, IT, phones, etc and to accommodate functions which are already being addressed by the Departments. The administrative costs incurred by each agency currently are not likely to be reduced by consolidation; in fact, each agency has probably already reduced its administrative costs to less than optimal for best practices, as a result of the current economic situation.

Other than administrative services, there is no duplication of DCA services with those being provided by other agencies. The only potential area of shared goals is in marketing, an area in which DCA already collaborates with Tourism on a few targeted joint marketing ventures. DCA maintains a small marketing budget of approximately \$200.0 directed specifically at drawing visitors to DCA programs and facilities, a goal which is not shared by Tourism, and is not duplicated in any of their ad campaigns. This specific marketing endeavor would need to be maintained and funded regardless of organizational structure within state government.

Structurally, the former Departments would likely become Divisions under a proposed new Commerce Department. The current division directors (in the case of DCA, these are mostly PhD and Master’s level museum directors) would presumably be reduced to bureau chiefs and would no longer be able to retain their status as Division Directors. One of the greatest needs that each leader of Cultural Affairs has encountered over time is the difficulty in compensating Museum Directors adequately to entice qualified leadership at these flagship institutions; a reduced personnel classification status will revoke the achievements made in this arena over the past decade.

8. Proposal to Combine State Monuments with State Parks

State Monuments are now a Division of DCA under the State’s Museum of New Mexico system. This affords them accreditation from the American Association of Museums, enhancing both the Monuments’ and the Museum’s abilities to secure federal funding and private foundation grants. The Museums and Monuments’ mission is preservation and education. In contrast, the mission of State Parks is recreation. Monuments are, in effect, satellite history museums located in small rural communities around the state, providing

educational services to over 70,000 visitors annually. They have interpretive exhibits, and Museum of New Mexico collections items on display. These collections items would not be available to State Parks, as American Association of Museums standards prohibit loans of object to non-museum entities – which would mean that the Monuments would have no exhibits. Collections items require careful climate control monitoring and conservation – functions that State Parks is not equipped to perform. Additionally, the monuments themselves are often historic buildings and ruins. State Parks would have a significant increase in its budget if it had to employ new specialized personnel to design exhibits and perform conservation and historic preservation on the Monuments – staff that is already on hand to perform these functions in museums at DCA. Additionally, the State Monuments benefit from a relationship with the Museum of New Mexico Foundation which provides financial assistance to the monuments. This relationship would not exist were the monuments to be moved to State Parks.

9. Alternatives: Carruthers Plan; LFC Recommendation

The Carruthers Report proposed creation of a Commerce Department comprised of the Economic Development Department, Workforce Solutions, Tourism, Regulation and Licensing, Workers Compensation, Border Authority, Space Port Authority. In short, those agencies whose focus is business and industry. Restructuring Task Force options have included proposals to look also at other agencies such as Gaming, Racing, Lottery, the Intertribal Ceremonial Office, State Fair, Game and Fish, and most recently DCA; and transferring various boards and commissions.

The LFC restructuring recommendations recommend a Commerce Department consisting of Tourism, Economic Development, and Workforce Solutions; a separate department consisting of Regulation, Insurance and Consumer Affairs; and a third agency focused on Employee Services.

Neither the Carruthers nor the LFC recommendations include the Department of Cultural Affairs, presumably for some of the reasons indicated in this report. A new Commerce Department as outlined by Carruthers and LFC, without the inclusion of DCA, would eliminate some of the problems addressed here.

10. Synergies

There are synergies such as branding, joint marketing and event programming that could be implemented to benefit each department while creating savings ultimately benefiting the citizens of New Mexico. Shared personnel in some areas could be explored as well as purchasing and contracting initiatives for construction projects.

There are also some efficiencies that could be implemented within each of the Departments to achieve the desired budgetary goals and objectives, and the DCA is eager to discuss these as alternative strategies.

Summary

It is clear from these comments, that though we recognize the need for streamlining functions of State Government for budgetary and efficiency reasons, we find the proposed initiative detrimental to the mission, operations and public perception of the programs and services of the Department of Cultural Affairs.